

The complaint

Mrs P complains that Yorkshire Building Society did not allow her to move her matured funds into a product she wanted them to be transferred into.

What happened

Mrs P had a cash Individual Savings Account (ISA) with Yorkshire Building Society (YBS), which the fixed interest rate was due to end on 30 April 2020. Mrs P wrote to YBS on 14 April 2020, to move the funds when they matured into a different product, which was advertised on their website.

YBS responded to Mrs P on 17 April 2020. They said that the product Mrs P wanted to move the matured ISA funds into had been withdrawn. Mrs P wrote to YBS on 20 April 2020, as the product was still showing on their website, so she knew what YBS had said was incorrect. She again asked YBS to move her ISA funds into the new product upon maturity.

YBS wrote to Mrs P on 1 May 2020. She says they said that she could not transfer funds from an existing YBS account into the ISA Mrs P wanted to open. Mrs P explained to YBS that she wouldn't be transferring funds from an existing account with them, as her account had been closed. Mrs P made a complaint to YBS.

YBS did not uphold the complaint. They confirmed that all new accounts are available to current members who want to make additional deposits with the Society as well as new customers. YBS said that the account Mrs P was wanting her funds to transfer into just can't be funded from existing YBS accounts. They went on to say that the products where funds can't be transferred from another YBS group account, aim to attract new funds to YBS to grow their savings book in a sustainable way.

Mrs P brought her complaint to our service. She said she wasn't transferring funds from an existing account with YBS as her account had been closed. Mrs P said that YBS had breached their savings pledge, she felt she was being penalised for being an existing customer, if she was a new customer of YBS then she wouldn't be discriminated against and she didn't believe YBS were acting in line with the Competition and Markets Authority (CMA).

Our investigator said that YBS should pay Mrs P £50, as they gave her incorrect information that the product she wanted the funds to go into when it matured, had been removed, when in fact it wasn't removed from sale until 4 May 2020.

Our investigator explained that within YBS' final response letter it says all new accounts are available to current members who want to make additional deposits with the society as well as new customers, therefore, YBS offered both existing and new customers the same product, but the funds must be received from another provider and not come from money already held within the YBS group.

Our investigator also said that YBS had been clear about the eligibility of the product Mrs P wanted to open upon maturity and YBS' savings pledge clearly shows that eligibility criteria

must be met, so she didn't believe the savings pledge was misleading. She said the CMA's reports wouldn't generally be something we would consider when investigating a complaint, but if Mrs P felt strongly that YBS were operating contrary to competition regulations then she may wish to consider contacting the Financial Conduct Authority. Mrs P asked for an Ombudsman to review her complaint.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

At the outset I'd like to emphasise that this service is not the regulator. Nor do we act as the enforcer for the regulator. The regulator is the Financial Conduct Authority. Our service acts as an informal dispute resolution service for complaints about financial businesses. We look at the circumstances of individual complaints and, on a case by case basis, taking into account relevant industry guidance for example, make findings about whether a financial business has failed its customer in any way.

Where we find it has, we make awards designed to make the business put things right with the complainant customer. Our awards are not designed to punish a business or to make it change the way it acts in order to protect other customers in the future. That is the role of the regulator. As our investigator has explained to Mrs P, if she believes that YBS are operating contrary to competition regulations then she may wish to consider contacting the Financial Conduct Authority to raise this with them, as it's not within the remit of this service to tell YBS how to run their business procedures.

Mrs P has made a number of points to this service and I've considered and read everything she's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of her complaint in deciding what's fair and reasonable here.

I know Mrs P strongly feels that at the time her product matured, she should have been able to transfer the matured funds into the new product advertised online. So I've considered what she's said about her account being closed when her funds matured. I've asked YBS for further information about the application and product factsheet to see what these say about if the account would be closed upon maturity.

I'm satisfied here, that YBS are clear what will happen to the account when the product matures. On page 2 of the product factsheet it says "This Fixed Rate ISA will mature into another Fixed Rate ISA that will be of no greater term than this Fixed Rate ISA. At maturity and during the first month after maturity, you will be able to withdraw all or part of your savings and have full access to them without incurring any loss of interest. Thereafter, you will only be permitted to close your ISA but this will be subject to a number of days loss of interest on the closing balance. The number of days' loss of interest will be no more than the number of days under the terms of this Fixed Rate ISA. Further partial withdrawals will not be permitted. Early closure will result in the loss of your tax free status, other than transfers to another ISA. We will send to you by post full details of the new fixed rate ISA at least 14 days prior to the maturity of this Fixed Rate ISA."

The product factsheet doesn't show that her account would be closed, but instead it would "mature into another fixed rate ISA". As the declaration on Mrs P's application form states "I agree to: the terms and conditions of the account (Including the ISA terms and conditions) which are set out in the relevant product factsheet and in your 'General Terms and Conditions' Booklet. I have a copy of these." As Mrs P has signed the declaration, then I'm satisfied she would have been provided a copy of the relevant product factsheet in the

branch, otherwise she shouldn't have signed the application to say that she agreed to the terms and conditions.

I can see that YBS did write to Mrs P with the new fixed ISA rate. On this correspondence it gave her different options that she could take with the matured funds. The letter is clear that "on 1 May 2020 your funds will be moved into the Fixed Rate Cash ISA above". The letter lets her know that she'll have full access to her money between 1 May 2020 and 30 June 2020, but from 1 July 2020 to April 2022 she wouldn't be able to make any withdrawals without penalty.

The other two options are to "choose a different savings account" or to "close your account". So I think by an option saying close her account, this reiterates that Mrs P's account wouldn't close when the funds matured, unless Mrs P chose for her account to be closed.

Mrs P is very clear that she wanted the funds on maturity to go into the new online product. But in order to do so, she would need to meet the eligibility of the new product. So I've looked at the product factsheet to see if she would be eligible. The product factsheet is very clear that "it is not possible to fund from or transfer an existing Yorkshire Building Society Group account to this product." I know Mrs P strongly feels that she didn't have an existing YBS account as her product had matured and she thought it had ended/was closed. But as I've already explained, the account didn't close. The interest rate/product had ended on 30 April 2020, but the account itself had not ended or closed.

I've looked at the transactions of Mrs P's account from opening. The account has had the same account number from opening and this account has never closed or ended – it has been continuous. So I'm satisfied that the money Mrs P wanted to transfer into the new product was from an existing YBS group account, and therefore, she wasn't entitled to transfer the matured money into the new product. And that's why YBS couldn't act upon her instructions to transfer the funds into the new product.

I know Mrs P feels that YBS have broken their savings pledge by the criteria they've set around the new product. But I'm not persuaded by this. I say this because their savings pledge says that they "won't offer new customer only products. So if a product is available to a new customer, our existing customers can choose it too, subject to eligibility criteria".

So Mrs P was eligible to open the new product, even though she was an existing customer and she had funds within an existing YBS group account. It's just that she couldn't fund the new product from her existing YBS savings. So if Mrs P had money with external providers, then she would have been able to transfer/deposit money from a third party provider into the new product, subject to any terms and conditions of the account.

The product factsheet is clear that "it is not possible to fund from or transfer an existing Yorkshire Building Society Group account to this product." So by paying money in from external accounts would have been the only way she could have funded the ISA she wanted her matured funds to be paid into. The fund fact sheet also shows that "external transfers for any used ISA allowances, including both previous years' and current years' subscriptions are permitted".

While I can't agree with Mrs P that YBS has discriminated against her by not following her instructions for the reasons I've already given, I am persuaded that YBS let Mrs P down by telling her incorrect information about the online product being withdrawn, when it was available until 4 May 2020. YBS have already agreed to the compensation suggested by our investigator that £50 is a reasonable level of compensation and Mrs P has indicated that she would accept this for the incorrect information being given, so I'm not minded to interfere with this. So it follows that I intend to ask YBS to pay Mrs P £50 compensation for the

incorrect information they told her, but I don't intend to require them to do anything else."

I invited both parties to let me have any further submissions before I reached a final decision. Mrs P said she did not wish to make any further observations. YBS acknowledged the provisional decision and offered no further information to be considered for my final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As neither party have provided me with any further information to consider, then my final decision and reasoning remains the same as in my provisional decision.

Putting things right

In my provisional decision I said I intend to ask Yorkshire Building Society to pay Mrs P £50 for giving her incorrect information. I'm still satisfied this is a fair outcome for the reasons given previously.

My final decision

I uphold the complaint in part. Yorkshire Building Society should pay Mrs P £50 for giving her incorrect information.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 6 May 2022.

Gregory Sloanes
Ombudsman